



## MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

April 24, 2018

Location: Montrose Headquarters Building

11925 6300 Rd, Montrose CO 81401

3:00 p.m.

**Regular Board Session.** The Board of Directors of the Delta-Montrose Electric Association met for its regular board meeting at the office of the cooperative in Montrose, Colorado, on Tuesday, April 24, 2018.

<b>During their regular meeting, the Directors:</b>
1. Approved the March 2018 membership report as presented and the March 2018 regular meeting minutes with one amendment.
2. Approved the audit report, audit letter, and after-audit action report as presented.
3. Approved revisions to the Electric Service Regulations.
4. Approved the March 2018 Safety and Occupational Health Report.
5. Approved the Financial Report through March 2018.
6. Approved the April 2018 CEO Report and the March 2018 SAIDI figure.
7. Approved a retirement resolution for Doug Cox.
8. Appointed Ken Watson to fill the vacant District 4 Board Director seat.
9. Approved an NCTC Guarantee Authorization.
10. Approved a resolution authorizing an Emergency Line of Credit with the National Rural Utilities Cooperative Finance Corporation (CFC).

**I. Call Meeting to Order.** At 3:01 p.m., the Board convened and the meeting was called to order.

- **Directors Present:** Bill Patterson (*President*), Mark Eckhart (*Vice-President*), Brad Harding (*Secretary/Treasurer*), Marshall Collins (*Assistant Secretary/Treasurer*), Kyle Martinez, Damon Lockhart, Tony Prendergast, John Gavan

- **Directors Absent:** None
- **DMEA Staff Present:** Jasen Bronec, Amy Taylor, Steve Metheny, Kent Blackwell, Doug Cox (left after VIII), Becky Mashburn (left after VIII), Troy Hall (left after VIII), Wade Pynes, Jim Heneghan (left after VIII), Mateusz Pena (left at 5:04 p.m. after VIII)
- **Others Present:** Jeffrey Hurd (*General Counsel*), Carole Landon (*Western Colorado Congress*) (left prior to the first Executive Session, XI), Caitlin Switzer (*Montrose Mirror*) (in at 5:02 p.m. for Member Comments, VIII, left at 5:04 p.m.); additional unidentified member

**II. Pledge of Allegiance** was led by President Patterson.

**III. Opening Meeting Prayer** was led by President Patterson.

**IV. Determination of Quorum.** President Patterson announced the presence of a quorum.

**V. Approval of Agenda.** Upon motion from Director Gavan, seconded by Director Prendergast, the Board approved the meeting agenda with the following amendments: 1) under VII-B-1, eliminate action items of “Vote on Strategy Initiative Matters” and “Vote on DMEAUS Line of Credit with DMEA”; 2) under VII-B-1, add an item to vote on the Emergency Line of Credit resolution; 3) under XI, add an agenda item to discuss the National Cable Television Cooperative (NCTC) membership issues; 4) under XII, eliminate item B, City of Montrose Cable Franchise Agreement; 5) under XII, add an agenda item to vote on the NCTC Guarantee Authorization.

**VI. Introductions.** Employees and those members present introduced themselves to the Board.

## **VII. General Business**

**A. Consent Agenda.** Upon motion from Director Eckhart, seconded by Director Lockhart, the Board unanimously approved the March 2018 membership report as presented and the March 2018 regular meeting minutes with one amendment: under the financial report, change the report date(s) from January 2017 to January 2018.

## **B. Board Committees.**

- 1. Finance – Audit – Rate Committee.** Committee Chair Collins reported that the committee had met on April 23 to review the audit report, letter, and after-audit action report with audit firm representative Randy Robbins from Bolinger, Segars, Gilbert & Moss. The committee also received an NCTC update, reviewed a CoBank waiver letter, reviewed an Emergency Line of Credit Loan (ELOC) through CFC, discussed the NRECA pension plans for DMEA and Tri-State, discussed matters with regard to Spring Creek Cable, and reviewed bad debts. The Board then discussed these various matters in further detail.

Upon motion from Director Lockhart, seconded by Director Harding, the Board approved the audit report as presented.

Upon motion from Director Eckhart, seconded by Director Gavan, the Board approved the audit letter as presented.

Upon motion from Director Eckhart, seconded by Director Lockhart, the Board approved the after-audit action report as presented.

Action on the Emergency Line of Credit resolution was deferred to agenda item XII-Other Action Items.

- 2. Engineering – Construction – Renewable Energy Committee.** Committee Chair Gavan reported the committee met on April 20 to review the updated Vegetation Management Guidelines, receive an update on franchise agreement matters, review updates to the Electric Service Regulations, receive an update on the consumer battery storage strategy initiative, discuss electric vehicle charging stations, and to receive an outage update. The Board then discussed certain of these items in further detail.

Upon motion from Director Harding, seconded by Director Eckhart, the Board approved the updates to the Electric Service Regulations as presented.

**3. Member Relations – Energy Services Committee.** Committee Chair Prendergast reported the Member Relations committee had not met since the last regular Board meeting. Mashburn provided an update on the speaker for the Annual Meeting.

**4. Executive Committee.** Committee Chair Patterson reported the Executive committee had not met since the last regular Board meeting.

**C. Safety and Occupational Health Report.** Cox presented the Safety and Occupational Health Report for March 2018. Cox noted an incident where an employee reported a strained back due to lifting a railroad tie that was used to support a transformer in a substation. The employee states he is fully recovered and has not missed any work. Actions have been taken with the employee to prevent a similar incident in the future. There were no near misses for the month of March. Cox concluded the report by addressing staff's preparation for the RESAP safety audit to take place later this summer.

Upon motion from Director Prendergast, seconded by Director Gavan, the Board unanimously approved the March 2018 Safety and Occupational Health report as presented.

**D. Financial Report.** Pynes presented the Financial Report through March 2018 and began by addressing items listed in the monthly variance report. With respect to the variance report, Pynes highlighted the electric revenue numbers for February, March, and year-to-date, noting that sales for February and March are close to projections while residential year-to-date sales are below projections. Pynes also highlighted a discrepancy under "Other Electric Revenue" between the budgeted and actual amounts: a renewable generation incentive payment was expected in January 2018 but was only received in April 2018. Administrative and general expenses, particularly outside services and supply expenses, are also over budget at present. Pynes concluded his report noting that there would be a first quarter budget review by department at the next F/A/R committee meeting.

Upon motion from Director Harding, seconded by Director Lockhart, the Board unanimously approved the Financial Report through March 2018 as presented.

**E. CEO Report.** CEO Bronec highlighted various items contained in the March 2018 CEO Report, commenting on updates in various departments, and updating the board on key operational matters within the cooperative. Bronec addressed various position changes in 2018 occasioned both by retirements and new hires. He also highlighted internal promotions within DMEA in relation to overall hires. Bronec then updated the Board on his attendance at the CREA Managers' meeting, including the primary topics of discussion, as well as his attendance at the Delta County Economic Development Annual Meeting. Bronec noted that lineman appreciation day was this month, and he highlighted the vital role lineman play in the cooperative. He concluded his presentation with a brief update on new construction within the service territory.

The March 2018 SAIDI figure was presented and discussed. It was noted that the SAIDI for April may be higher as high winds have led to several outages.

Upon motion from Director Martinez, seconded by Director Gavan, the Board unanimously approved the April CEO report and March 2018 SAIDI figure as presented.

**F. Legal Report.** General Counsel Hurd requested to defer his legal report to executive session.

**G. Representative Board Reports.** Directors then presented their representative board reports.

**1. Tri-State Report.** Director Martinez highlighted aspects of a written report he had previously e-mailed to the Board. He noted his attendance at the Tri-State Annual Meeting, as well as the attendance of Director Eckhart and President Patterson. Director Martinez then addressed changes that occurred within the Tri-State Board at the Organizational meeting. There was a brief discussion on possible changes to Policy 115, particularly with regard to treatment of battery storage. The strategy planning session will be this June. Martinez concluded his report by addressing status of the Craig 3 station.

**2. Western United Electrical Supply Report.** Director Lockhart reported he would be attending the next meeting on April 26. Agenda

topics include a review of the budget and the CEO. There was a brief discussion on CCT cable dispute and how that matter is proceeding.

3. **CREA Report.** Director Lockhart stated he would be attending the next meeting on April 26 after the WUES meeting. There was a brief discussion on legislative matters within CREA, particularly House Bill 18-1271. Director Lockhart then touched on various other CREA-related matters, including its safety program, collaboration with Colorado Mesa University's lineman training program, and updates on CREA's policy review committee.

#### **H. Action Item: Other Business.**

1. **Vote on Retirement Resolution for Doug Cox.** CEO Bronec introduced a resolution highlighting Doug Cox's various contributions to DMEA and his many years of dedicated service to DMEA's members. Upon motion from Director Martinez, seconded by Director Gavan, the Board unanimously approved the retirement resolution for Doug Cox as presented.

- I. **Informational Items.** There were no additional information items or other business at this time.

**VIII. Member Comments.** There were no member comments.

**IX. Scholarship Presentations.** At 5:04 p.m., the Board recessed to attend a presentation for students receiving scholarships funded by DMEA, Tri-State, and Western United. The Board broke for dinner following the presentation. The meeting resumed at 6:11 p.m. where the Board addressed agenda items under XII-Action Items.

**X. Future Meetings.** The next regular DMEA Board meeting will be May 22, 2018 at 1:00 p.m. Candidate forums will take place on May 15, 2018 (at Montrose DMEA Headquarters) and May 17, 2018 (at Hotchkiss Memorial Hall) from 5:30 – 7:30 p.m. The DMEA Annual Meeting will take place on June 14, 2018 starting at 4:30 p.m. at the Montrose Pavilion.

**XI. Executive Session.** At 4:16 p.m., prior to Member Comments and the scholarship presentations, Director Lockhart moved to enter into executive session to receive a non-power supply related privileged legal update; to

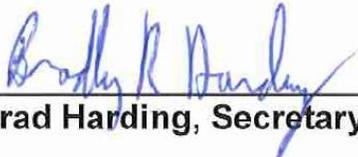
discuss the candidates to fill the vacant Board District 4 seat; to discuss the City of Montrose Franchise Agreement; and to discuss National Cable Television Cooperative (NCTC) membership issues. Director Gavan seconded the motion, and the Board entered executive session. At 5:02 p.m., the Board exited executive session.

At 6:25 p.m., Director Harding moved to enter into executive session for a power supply-related privileged legal update. Director Martinez excused himself from the meeting at this time. Director Prendergast seconded the motion, and the Board entered executive session. At 6:56 p.m., the Board exited executive session.

## **XII. Other Action Items.**

- A.** Upon motion from Director Prendergast, seconded by Director Collins, the Board appointed Ken Watson to fill the District 4 Board Director seat. President Patterson will call Director Watson, as well as the other candidates, to inform them of the Board's decision.
- B.** Upon motion from Director Collins, seconded by Director Prendergast, the Board approved the NCTC Guarantee Authorization. Blackwell answered additional inquiries from the Board relating to this item.
- C.** Upon motion from Director Collins, seconded by Director Gavan, the Board approved an Emergency Line of Credit resolution authorizing CEO Bronec to execute with CFC, when necessary, an emergency line of credit.

**XIII. Adjournment.** The regular board meeting was adjourned at 6:59 p.m.



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**Brad Harding, Secretary/Treasurer**